Saskatchewan
Finance

Annual Report 2004

Saskatchewan Power Corporation Designated Employee Benefit Plan

Saskatchewan Centennial 2005

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Saskatchewan
Finance

Her Honour, The Honourable Dr. Lynda M. Haverstock
Lieutenant Governor of the Province of Saskatchewan
Government House
4607 Dewdney Avenue
Regina, Saskatchewan
S4P 3V7

Dear Madam:

Letter of Transmittal

I have the honour to transmit herewith the Annual Report of the Saskatchewan Power Corporation Designated Employee Benefit Plan for the year ending December 31, 2004.

I have the honour to be, Madam,

Your obedient servant,

Harry Van Mulligen
Minister of Finance

Saskatchewan
Public Employees
Benefits Agency

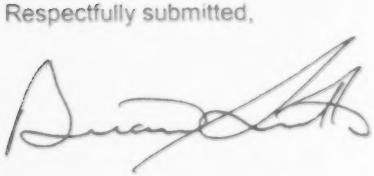
The Honourable Harry Van Mulligen
Minister of Finance
Regina, Saskatchewan

Sir:

Letter of Transmittal

On behalf of the Public Employees Benefits Agency, I have the honour to transmit herewith the Annual Report of the Saskatchewan Power Corporation Designated Employee Benefit Plan for the year ending December 31, 2004.

Respectfully submitted,



Brian Smith
Executive Director

Saskatchewan Power Corporation
Designated Employee Benefit Plan

Introduction

The Saskatchewan Power Corporation (SaskPower; the Corporation) established the SaskPower Designated Employee Benefit Plan (the Plan) in 1984 for the payment of supplementary retirement benefits to Participants. The purpose of this Plan is to invest employees' monies raised through payroll deduction, voluntary contributions, and banked days off. The Plan is considered to be a salary deferral arrangement (SDA) under the Canadian Income Tax Act. The Plan was grand fathered in 1986 when CRA (Canada Revenue Agency) changed the tax rules regarding salary deferral plans at which time the Plan was closed to new employees.

A trust has been established to hold the properties of the Plan. SaskPower is the sponsor of the Plan and Halmac & Associates Ltd. are the trustees of the Plan. The trustee has established a separate account for each Participant in the Plan. The funds in a Participant's account may be invested in one or more investment options and a Participant shall be entitled to transfer the funds held under one investment option to another. SaskPower's obligations are limited solely to the making of contributions to the Plan in accordance with the Plan document.

SaskPower was the administrator of the Plan from January 1, 1984 to November 16, 2004. On November 16, 2004, an Order in Council designated the Public Employees Benefits Agency (PEBA) as the administrator of the Plan.

Enrollment

The Plan has been closed to new members since 1986. As of December 31, 2004 there were 3 (2003 – 3) active Participants in the Plan. Active members are those Participants currently working for SaskPower with some still deferring salary on a monthly basis. As of December 31, 2004 there were 52 (2003 – 42) non-active Participants withdrawing from the Plan and an additional 24 (2003 – 36) non-active Participants not withdrawing.

Contributions

SaskPower makes basic contributions to the Plan from any of the following sources:

a) Bonuses earned by any Participant under the Saskatchewan Power Corporation Incentive Plan;

b) An amount not exceeding 40% of a Participant's salary, as per an election made by the Participant; and

c) If a basic contribution is made by SaskPower to the Plan as determined in (b), SaskPower shall make an additional contribution to the Plan, which is equal to the amount that it would have contributed to the Defined Contribution Pension Plan.

No Participant is permitted to make contributions directly to the Plan.

Benefits

A Participant's benefit entitlement date is normally the first of the month following the latter of the date upon which the Participant attains the age of 65 and the date the Participant terminates active service with SaskPower.

At least three months prior to the benefit entitlement date, a Participant may elect by notice in writing to SaskPower to receive the funds held in the Participants account in one of the following ways:

a) As a series of periodic installments ending not later than a date 15 years following the Participants benefit entitlement date; and

b) As a series of periodic installments payable for the Participants' lifetime or the longer of the Participants' lifetime and the Participants' spouse's lifetime, with or without a guaranteed period. If a guaranteed period is chosen, it shall not exceed 15 years.

The total amount of any installments in one calendar year shall not exceed an amount equal

to one fifth of the value of the Participants' account as at the Participants' benefit entitlement date. Notwithstanding this restriction, the amount of any installment payable after a period of five years from the benefit entitlement date may exceed the amount specified in this paragraph.

MANAGEMENT'S REPORT

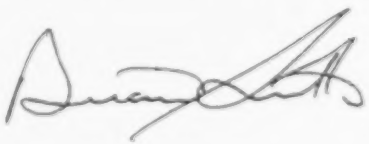
To the Members of the Legislative Assembly of Saskatchewan

As administrators of the Saskatchewan Power Corporation Designated Employee Benefit Plan, we are responsible for the preparation and presentation of the following financial statements in accordance with Canadian generally accepted accounting principles applied on a basis consistent with that of the preceding year.

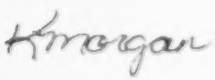
The significant accounting policies adopted in the preparation of the financial statements are fully and fairly disclosed in the financial statements.

We believe the Saskatchewan Power Corporation Designated Employee Benefit Plan has a system of internal control adequate to provide reasonable assurance that the accounts are faithfully and properly kept to permit the preparation of accurate financial statements in accordance with Canadian generally accepted accounting principles.

We enclose the financial statements of the Saskatchewan Power Corporation Designated Employee Benefit Plan for the year ended December 31, 2004 and the Provincial Auditor's report on these financial statements.



Brian Smith
Executive Director
Public Employees Benefits Agency



Kathy Morgan, Director
Financial Services
Public Employees Benefits Agency

Regina, Saskatchewan
April 4, 2005

SASKATCHEWAN POWER CORPORATION
DESIGNATED EMPLOYEE BENEFIT PLAN

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2004

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of net assets available for benefits of the Saskatchewan Power Corporation Designated Employee Benefit Plan as at December 31, 2004 and the statement of changes in net assets available for benefits for the year then ended. The Plan's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as at December 31, 2004 and the changes in net assets available for benefits for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
April 4, 2005

Fred Wendel, CMA, CA
Provincial Auditor

SASKATCHEWAN POWER CORPORATION
DESIGNATED EMPLOYEE BENEFIT PLAN
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

STATEMENT 1

AS AT DECEMBER 31

	2004	2003
ASSETS		
Investments, at market		
Mutual funds	$6,255,046	$6,113,378
Guaranteed Investment Certificates	2,443,461	2,771,901
	8,698,507	8,885,279
Accounts receivable		
SaskPower contribution receivable	518	-
Total assets	8,699,025	8,885,279
NET ASSETS AVAILABLE FOR BENEFITS	$8,699,025	$8,885,279

(See accompanying notes to the financial statements)

SASKATCHEWAN POWER CORPORATION
DESIGNATED EMPLOYEE BENEFIT PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

STATEMENT 2

YEAR ENDED DECEMBER 31

	2004	2003
INCREASE IN ASSETS		
Dividends	$ 80,338	$ 56,027
Interest	122,930	138,223
Increase in market values of investments	281,563	438,448
Contributions	12,432	16,932
Total increase in assets	497,263	649,630
DECREASE IN ASSETS		
Withdrawals	683,517	556,827
Total decrease in assets	683,517	556,827
(Decrease) increase in net assets	(186,254)	92,803
NET ASSETS AVAILABLE FOR BENEFITS, beginning of the year	8,885,279	8,792,476
NET ASSETS AVAILABLE FOR BENEFITS, end of the year	$8,699,025	$8,885,279

(See accompanying notes to the financial statements)

SASKATCHEWAN POWER CORPORATION
DESIGNATED EMPLOYEE BENEFIT PLAN
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2004

1. Description of the Plan

The Saskatchewan Power Corporation (SaskPower; the Corporation) established the SaskPower Designated Employee Benefit Plan (the Plan) in 1984 for the payment of supplementary retirement benefits to Participants. The purpose of this Plan is to invest employees' monies raised through payroll deduction, voluntary contributions, and banked days off. After 1986, banked days off had their own plan called the Supplementary Retirement Benefit Plan which was then replaced in 1988 by the Supplementary Superannuation Plan. The Plan is considered to be a salary deferral arrangement (SDA) under the Canadian Income Tax Act. The Plan was grand fathered in 1986 when CRA (Canada Revenue Agency) changed the tax rules regarding salary deferral plans at which time the Plan was closed to new employees.

A trust has been established to hold the properties of the Plan. SaskPower is the sponsor of the Plan and Halmac & Associates Ltd. are the trustees of the Plan. The trustee has established a separate account for each Participant in the Plan. The funds in a Participant's account may be invested in one or more investment options and a Participant shall be entitled to transfer the funds held under one investment option to another. SaskPower's obligations are limited solely to the making of contributions to the Plan in accordance with the Plan document.

SaskPower was the administrator of the Plan from January 1, 1984 to November 16, 2004. On November 16, 2004, an Order in Council designated the Public Employees Benefits Agency (PEBA) as the administrator of the Plan.

The following description is a summary only. For more complete information, reference should be made to the Plan document.

Enrollment

The Plan has been closed to new members since 1986.

As of December 31, 2004 there were 3 (2003 – 3) active Participants in the Plan. Active members are those Participants currently working for SaskPower with some still deferring salary on a monthly basis. As of December 31, 2004 there were 52 (2003 – 42) non-active Participants withdrawing from the Plan and an additional 24 (2003 – 36) non-active Participants not withdrawing.

Contributions

SaskPower makes basic contributions to the Plan from any of the following sources:

a) Bonuses earned by any Participant under the Saskatchewan Power Corporation Incentive Plan;
b) An amount not exceeding 40% of a Participant's salary, as per an election made by the Participant; and
c) If a basic contribution is made by SaskPower to the Plan as determined in (b), SaskPower shall make an additional contribution to the Plan which is equal to the amount that it would have contributed to the Defined Contribution Pension Plan.

No Participant is permitted to make contributions directly to the Plan.

Benefits

A Participant's benefit entitlement date is normally the first of the month following the latter of the date upon which the Participant attains the age of 65 and the date the Participant terminates active service with SaskPower. If a Participant terminates active service with SaskPower prior to age 65, the Participant elects an alternate benefit entitlement date which is no earlier than January 31 of the calendar year following the calendar year the Participant makes the election. Notwithstanding the foregoing, in no event shall a Participant's alternate benefit entitlement date be later than the 1st of the month following the date the Participant attains the age of 65.

At least three months prior to the benefit entitlement date, a Participant may elect by notice in writing to SaskPower to receive the funds held in the Participants account in one of the following ways:

a) As a series of periodic installments ending not later than a date 15 years following the Participants benefit entitlement date; and

b) As a series of periodic installments payable for the Participants' lifetime or the longer of the Participants' lifetime and the Participants' spouse's lifetime, with or without a guaranteed period. If a guaranteed period is chosen, it shall not exceed 15 years.

The total amount of any installments in one calendar year shall not exceed an amount equal to one fifth of the value of the Participants' account as at the Participants' benefit entitlement date. Notwithstanding this restriction, the amount of any installment payable after a period of five years from the benefit entitlement date may exceed the amount specified in this paragraph.

If a Participant terminates active service with SaskPower prior to the age of 65, the Participant may elect to receive the funds contained in the Participants' account in the form of a single payment or such other form as agreeable to SaskPower and the Participant.

Payments are lump sum payments with tax withheld at the source.

Death of a Participant

If a Participant dies prior to the Participants' benefit entitlement date, he/she shall be deemed to have retired on the Participants date of death and the Participants retirement benefits will be paid in the form of an annuity with level payments over a ten year period commencing on the first day of the month following the Participant's date of death.

If a Participant dies after the Participants' benefit entitlement date, then any amounts remaining as unpaid shall be paid in the same form as the Participant elected.

In the event of a Participant's death, the trustee shall make any payments to the person designated in the Participant's will or if no such person has been designated, to the Participant's estate.

2. Significant Accounting Policies

These financial statements were prepared in accordance with Canadian generally accepted accounting principles. The following accounting policy is considered significant:

a) Investments

Investments are recorded as of the trade date and are stated at fair value. Fair value is the consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing partners who are under no compulsion to act.

3. Investments

Guaranteed Investment Certificates

The Plan allows participants to invest in Guaranteed Investment Certificates with Chartered Banks maturing within 1 to 5 years. As at December 31, 2004 the Plan held investments totaling $2.4 million.

Mutual Funds

The Plan allows participants to invest in various types of mutual funds including Canadian money market funds, Canadian bonds, Canadian equities, United States equities, Global equities and International equities. As at December 31, 2004 the Plan held investments totaling $6.3 million with the following investment managers:

Mackenzie Investments
AIM Trimark Investments
Fidelity Investments

4. Related Parties

Included in these financial statements are transactions with SaskPower and the Department of Finance (PEBA) who are related to the Plan by virtue of common control by the Government of Saskatchewan.

The Plan has received use of office space and administrative services from SaskPower at no charge. Additionally, PEBA provides administrative services to the Plan at no charge.

5. Fair Value

The fair value of the SaskPower contribution receivable is its carrying value.